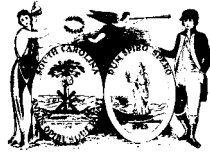


State of South Carolina



Office of the State Auditor

1401 MAIN STREET, SUITE 1200
COLUMBIA, S.C. 29201

THOMAS L. WAGNER, JR., CPA
STATE AUDITOR

(803) 253-4160
FAX (803) 343-0723

July 23, 2001

Mr. Grady Bethea, Director of Operations, Skilled Nursing Facility Division
Clarendon Memorial Hospital
10 Hospital Street
Manning, South Carolina 29102

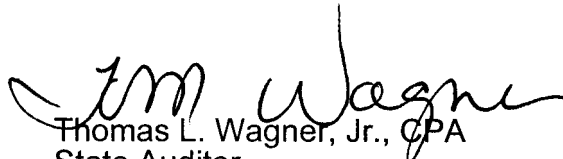
Re: AC# 3-LAK-J8 – Clarendon Memorial Hospital d/b/a Lake Marion Nursing Facility

Dear Mr. Bethea:

The accompanying report has been prepared by our office based on your Medicaid Financial and Statistical Report submitted to the Department of Health and Human Services for the cost report period February 1, 1998 through September 30, 1998. That report was used to set the rate covering the contract periods beginning August 1, 1998.

We are recommending that the Department of Health and Human Services certify an accounts receivable to recover amounts due as a result of the rate change shown on Exhibit A. You will be notified of repayment terms by that Agency.

If you take exception to this report in any manner, you have the right to appeal in accordance with the Code of Laws of South Carolina, 1976 as amended, Title 44, and Department of Health and Human Services Regulation R.126-150, and you must respond in writing within thirty (30) calendar days of the date of this letter. This written response must address the specific items in the report being appealed, and must be directed to the Appeals and Hearings, Department of Health and Human Services, Post Office Box 8206, Columbia, South Carolina 29202-8206. Any correspondence should include the control number appearing on Exhibit A of this report.


Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/sag

cc: Ms. Brenda L. Hyleman
Mr. Jeff Saxon
Mr. Robert M. Kerr

**CLARENDON MEMORIAL HOSPITAL
D/B/A LAKE MARION NURSING FACILITY

SUMMERTON, SOUTH CAROLINA**

**CONTRACT PERIODS
BEGINNING AUGUST 1, 1998
AC# 3-LAK-J8**

**REPORT ON CONTRACT

FOR

PURCHASE OF NURSING CARE SERVICES

WITH

STATE OF SOUTH CAROLINA

DEPARTMENT OF HEALTH AND HUMAN SERVICES**

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State of South Carolina



Office of the State Auditor

1401 MAIN STREET, SUITE 1200
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THOMAS L. WAGNER, JR., CPA
STATE AUDITOR

(803) 253-4160
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

June 7, 2000

Department of Health and Human Services
State of South Carolina
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Department of Health and Human Services, solely to compute the rate change and related adjusted reimbursement rate to be used by the Department in determining the reimbursement settlement with Clarendon Memorial Hospital d/b/a Lake Marion Nursing Facility for the contract periods beginning August 1, 1998, and for the eight month cost report period ended September 30, 1998, as set forth in the accompanying schedules. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Department of Health and Human Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

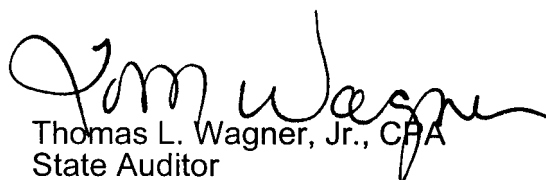
The procedures and the associated findings are as follows:

1. We tested selected costs or areas based on our analytical procedures applied to the reimbursable Medicaid program costs as shown on the Financial and Statistical Report for Nursing Homes, as filed by Clarendon Memorial Hospital d/b/a Lake Marion Nursing Facility, to determine if these costs were allowable as defined by the State Plan for Medicaid reimbursement purposes and supported by accounting and statistical records maintained by the provider. Our findings as a result of these procedures are presented in the Adjustment Report, Summaries of Costs and Total Patient Days, and Cost of Capital Reimbursement Analyses sections of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contract between the Department of Health and Human Services and Clarendon Memorial Hospital d/b/a Lake Marion Nursing Facility dated as of October 1, 1994 as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computations of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services
State of South Carolina
June 7, 2000

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the South Carolina Department of Health and Human Services and is not intended to be and should not be used by anyone other than the specified party.



Thomas L. Wagner, Jr., CPA
State Auditor

CLARENDON MEMORIAL HOSPITAL D/B/A LAKE MARION NURSING FACILITY

Computation of Rate Change
For the Contract Periods
Beginning August 1, 1998
AC# 3-LAK-J8

	08/01/98 <u>09/30/98</u>	10/01/98 <u>11/30/98</u>	12/01/98 <u>09/30/99</u>	10/01/99 <u>09/30/00</u>
Interim reimbursement rate (1)	\$100.89	\$101.44	\$102.19	\$102.54
Adjusted reimbursement rate	<u>96.45</u>	<u>97.01</u>	<u>97.76</u>	<u>98.12</u>
Decrease in reimbursement rate	\$ <u>4.44</u>	\$ <u>4.43</u>	\$ <u>4.43</u>	\$ <u>4.42</u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated December 3, 1999

CLARENDON MEMORIAL HOSPITAL D/B/A LAKE MARION NURSING FACILITY
 Computation of Adjusted Reimbursement Rate
 For the Contract Period August 1, 1998 Through September 30, 1998
 AC# 3-LAK-J8

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$45.43	\$51.22	
Dietary		9.97	9.74	
Laundry/Housekeeping/Maint.		<u>8.92</u>	<u>7.72</u>	
Subtotal	<u>\$4.36</u>	64.32	68.68	\$64.32
Administration & Med. Records	<u>\$ -</u>	<u>12.68</u>	<u>9.45</u>	<u>9.45</u>
Subtotal		77.00	<u>\$78.13</u>	73.77
<u>Costs Not Subject to Standards:</u>				
Utilities		2.39		2.39
Special Services		1.85		1.85
Medical Supplies & Oxygen		2.83		2.83
Taxes and Insurance		1.64		1.64
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$85.71</u>		82.48
Inflation Factor (4.40%)				3.63
Cost of Capital				8.09
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive - For General Services and Dietary				4.36
Effect of \$1.75 Cap on Cost/Profit Incentives and Cost Sharing				(2.61)
Minimum Wage Add-on				<u>.50</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$96.45</u>

CLARENDON MEMORIAL HOSPITAL D/B/A LAKE MARION NURSING FACILITY
Computation of Adjusted Reimbursement Rate
For the Contract Period October 1, 1998 Through November 30, 1998
AC# 3-LAK-J8

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$45.43	\$49.90	
Dietary		9.97	9.93	
Laundry/Housekeeping/Maint.		<u>8.92</u>	<u>8.11</u>	
Subtotal	<u>\$3.62</u>	64.32	67.94	\$64.32
Administration & Med. Records	<u>\$ -</u>	<u>12.68</u>	<u>10.90</u>	<u>10.90</u>
Subtotal		77.00	<u>\$78.84</u>	75.22
<u>Costs Not Subject to Standards:</u>				
Utilities		2.39		2.39
Special Services		1.85		1.85
Medical Supplies & Oxygen		2.83		2.83
Taxes and Insurance		1.64		1.64
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$85.71</u>		83.93
Inflation Factor (3.60%)				3.02
Cost of Capital				8.06
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive				3.62
Effect of \$1.75 Cap on Cost/Profit Incentives and Cost Sharing				(1.87)
Minimum Wage Add-on				<u>.25</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$97.01</u>

CLARENDON MEMORIAL HOSPITAL D/B/A LAKE MARION NURSING FACILITY
 Computation of Adjusted Reimbursement Rate
 For the Contract Periods December 1, 1998 Through September 30, 1999
 AC# 3-LAK-J8

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$45.43	\$49.90	
Dietary		9.97	9.93	
Laundry/Housekeeping/Maint.		<u>8.92</u>	<u>8.11</u>	
Subtotal	<u>\$3.62</u>	64.32	67.94	\$64.32
Administration & Med. Records	<u>\$ -</u>	<u>12.68</u>	<u>10.90</u>	<u>10.90</u>
Subtotal		77.00	<u>\$78.84</u>	75.22
<u>Costs Not Subject to Standards:</u>				
Utilities		2.39		2.39
Special Services		1.85		1.85
Medical Supplies & Oxygen		2.83		2.83
Taxes and Insurance		1.64		1.64
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$85.71</u>		83.93
Inflation Factor (3.60%)				3.02
Cost of Capital				8.06
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive				3.62
Effect of \$1.75 Cap on Cost/Profit Incentives and Cost Sharing				(1.87)
Minimum Wage (25 cents) & CNA (75 cents) Add-Ons				<u>1.00</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$97.76</u>

CLARENDON MEMORIAL HOSPITAL D/B/A LAKE MARION NURSING FACILITY
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 1999 Through September 30, 2000
 AC# 3-LAK-J8

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$45.43	\$50.93	
Dietary		9.97	10.24	
Laundry/Housekeeping/Maint.		<u>8.92</u>	<u>8.89</u>	
Subtotal	<u>\$4.90</u>	64.32	70.06	\$64.32
Administration & Med. Records	<u>\$ -</u>	<u>12.68</u>	<u>11.39</u>	<u>11.39</u>
Subtotal		77.00	<u>\$81.45</u>	75.71
<u>Costs Not Subject to Standards:</u>				
Utilities		2.39		2.39
Special Services		1.85		1.85
Medical Supplies & Oxygen		2.83		2.83
Taxes and Insurance		1.64		1.64
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$85.71</u>		84.42
Inflation Factor (3.00%)				2.53
Cost of Capital				7.94
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive				4.90
Effect of \$1.75 Cap on Cost/Profit Incentives and Cost Sharing				(3.15)
CNA Staffing Add-Ons				.75
Nurse Aid Staffing Add-Ons				<u>.73</u>
 ADJUSTED REIMBURSEMENT RATE				 <u>\$98.12</u>

CLARENDON MEMORIAL HOSPITAL D/B/A LAKE MARION NURSING FACILITY

Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1998
For the Contract Period August 1, 1998 Through September 30, 1998
AC# 3-LAK-J8

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	<u>Debit</u>	Adjustments <u>Credit</u>	Adjusted <u>Totals</u>
General Services	\$ 947,531	\$ -	\$ 107 (5) 8,604 (6) 474 (6)	\$ 938,346
Dietary	210,136	488 (2)	3,389 (5) 1,233 (6)	206,002
Laundry	41,656	114 (2)	1,700 (5) 299 (6)	39,771
Housekeeping	88,851	244 (2)	9 (5) 752 (6)	88,334
Maintenance	61,728	287 (2)	4,297 (3) 1,389 (5) 198 (6)	56,131
Administration & Medical Records	263,731	172 (2)	1,026 (5) 885 (6)	261,992
Utilities	49,189	147 (2)	40 (5)	49,296
Special Services	-	38,295 (8)	-	38,295
Medical Supplies & Oxygen	148,484	2,102 (2)	26,659 (2) 2,581 (5) 62,915 (7)	58,431
Taxes and Insurance	40,268	-	6,357 (4)	33,911
Legal Fees	-	-	-	-
Cost of Capital	175,904	9,107 (9) 6,333 (10)	24,259 (1)	167,085
Subtotal	2,027,478	57,289	147,173	1,937,594
Ancillary	39,302	-	-	39,302

CLARENDON MEMORIAL HOSPITAL D/B/A LAKE MARION NURSING FACILITY

Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1998
For the Contract Period August 1, 1998 Through September 30, 1998
AC# 3-LAK-J8

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	<u>Debit</u>	Adjustments <u>Credit</u>	Adjusted <u>Totals</u>
Non-Allowable	329,038	24,259 (1)	38,295 (8)	389,460
		4,297 (3)	9,107 (9)	
		10,241 (5)	6,333 (10)	
		12,445 (6)		
	<u> </u>	<u>62,915 (7)</u>	<u> </u>	<u> </u>
 Total Operating Expenses	 <u>\$2,395,818</u>	 <u>\$171,446</u>	 <u>\$200,908</u>	 <u>\$2,366,356</u>
 Total Patient Days	 <u>20,657</u>	 <u>-</u>	 <u>-</u>	 <u>20,657</u>
 Total Beds	 <u>88</u>			

CLARENDON MEMORIAL HOSPITAL D/B/A LAKE MARION NURSING FACILITY

Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1998
For the Contract Periods October 1, 1998 Through September 30, 1999
AC# 3-LAK-J8

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		Adjusted <u>Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$ 947,531	\$ -	\$ 107 (5) 8,604 (6) 474 (6)	\$ 938,346
Dietary	210,136	488 (2)	3,389 (5) 1,233 (6)	206,002
Laundry	41,656	114 (2)	1,700 (5) 299 (6)	39,771
Housekeeping	88,851	244 (2)	9 (5) 752 (6)	88,334
Maintenance	61,728	287 (2)	4,297 (3) 1,389 (5) 198 (6)	56,131
Administration & Medical Records	263,731	172 (2)	1,026 (5) 885 (6)	261,992
Utilities	49,189	147 (2)	40 (5)	49,296
Special Services	-	38,295 (8)	-	38,295
Medical Supplies & Oxygen	148,484	2,102 (2)	26,659 (2) 2,581 (5) 62,915 (7)	58,431
Taxes and Insurance	40,268	-	6,357 (4)	33,911
Legal Fees	-	-	-	-
Cost of Capital	175,859	9,107 (9) 5,792 (11)	24,259 (1)	166,499
Subtotal	2,027,433	56,748	147,173	1,937,008
Ancillary	39,302	-	-	39,302

CLARENDON MEMORIAL HOSPITAL D/B/A LAKE MARION NURSING FACILITY

Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1998
For the Contract Periods October 1, 1998 through September 30, 1999
AC# 3-LAK-J8

<u>Expenses</u>	Totals (From Schedule SC 13) as Adjusted by DH&HS	Adjustments		Adjusted Totals
		<u>Debit</u>	<u>Credit</u>	
Non Allowable	329,083	24,259 (1)	38,295 (8)	390,046
		4,297 (3)	9,107 (9)	
		10,241 (5)	5,792 (11)	
		12,445 (6)		
	<u> </u>	<u>62,915 (7)</u>	<u> </u>	<u> </u>
 Total Operating Expenses	 <u>\$2,395,818</u>	 <u>\$170,905</u>	 <u>\$200,367</u>	 <u>\$2,366,356</u>
 Total Patient Days	 <u>20,657</u>	 <u>-</u>	 <u>-</u>	 <u>20,657</u>
 Total Beds	 <u>88</u>			

CLARENDON MEMORIAL HOSPITAL D/B/A LAKE MARION NURSING FACILITY

Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1998
For the Contract Period October 1, 1999 through September 30, 2000
AC# 3-LAK-J8

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		Adjusted <u>Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$ 947,531	\$ -	\$ 107 (5) 8,604 (6) 474 (6)	\$ 938,346
Dietary	210,136	488 (2)	3,389 (5) 1,233 (6)	206,002
Laundry	41,656	114 (2)	1,700 (5) 299 (6)	39,771
Housekeeping	88,851	244 (2)	9 (5) 752 (6)	88,334
Maintenance	61,728	287 (2)	4,297 (3) 1,389 (5) 198 (6)	56,131
Administration & Medical Records	263,731	172 (2)	1,026 (5) 885 (6)	261,992
Utilities	49,189	147 (2)	40 (5)	49,296
Special Services	-	38,295 (8)	-	38,295
Medical Supplies & Oxygen	148,484	2,102 (2)	26,659 (2) 2,581 (5) 62,915 (7)	58,431
Taxes and Insurance	40,268	-	6,357 (4)	33,911
Legal Fees	-	-	-	-
Cost of Capital	173,622	9,107 (9) 5,446 (12)	24,259 (1)	163,916
Subtotal	2,025,196	56,402	147,173	1,934,425
Ancillary	39,302	-	-	39,302

CLARENDON MEMORIAL HOSPITAL D/B/A LAKE MARION NURSING FACILITY

Summary of Costs and Total Patient Days

For the Cost Report Period Ended September 30, 1998

For the Contract Period October 1, 1999 through September 30, 2000

AC# 3-LAK-J8

<u>Expenses</u>	Totals (From Schedule SC 13) as Adjusted by DH&HS	Adjustments		Adjusted Totals
		<u>Debit</u>	<u>Credit</u>	
Non Allowable	331,320	24,259 (1)	38,295 (8)	392,629
		4,297 (3)	9,107 (9)	
		10,241 (5)	5,446 (12)	
		12,445 (6)		
	<u> </u>	<u>62,915 (7)</u>	<u> </u>	<u> </u>
 Total Operating Expenses	 <u>\$2,395,818</u>	 <u>\$170,559</u>	 <u>\$200,021</u>	 <u>\$2,366,356</u>
 Total Patient Days	 <u>20,657</u>	 <u>-</u>	 <u>-</u>	 <u>20,657</u>
 Total Beds	 <u>88</u>			

CLARENDON MEMORIAL HOSPITAL D/B/A LAKE MARION NURSING FACILITY

Adjustment Report
Cost Report Period Ended September 30, 1998
AC# 3-LAK-J8

ADJUSTMENT <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Accumulated Depreciation	\$203,856	
	Other Equity	57,057	
	Nonallowable	24,259	
	Fixed Assets		\$260,913
	Cost of Capital		24,259
	To adjust fixed assets and related depreciation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
2	Start-Up Cost	26,659	
	Dietary	488	
	Laundry	114	
	Housekeeping	244	
	Maintenance	287	
	Administration	172	
	Utilities	147	
	Medical Supplies and Oxygen	2,102	
	Medical Supplies and Oxygen		26,659
	Start-Up Cost		3,554
	To properly classify start-up costs HIM-15-1, Section 2132		
3	Nonallowable	4,297	
	Maintenance		4,297
	To remove rental expense on capitalized assets HIM-15-1, Section 100		
4	Accrued Property Tax	6,357	
	Taxes and Insurance		6,357
	To remove expense recorded twice HIM 15-1, Section 2304		

CLARENDON MEMORIAL HOSPITAL D/B/A LAKE MARION NURSING FACILITY

Adjustment Report
Cost Report Period Ended September 30, 1998
AC# 3-LAK-J8

ADJUSTMENT <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
5	Nonallowable	10,241	
	Restorative		107
	Dietary		3,389
	Laundry		1,700
	Housekeeping		9
	Maintenance		1,389
	Administration		1,026
	Utilities		40
	Medical Supplies and Oxygen		2,581
	To remove prior period expense HIM-15-1, Section 2302.1		
6	Nonallowable	12,445	
	Nursing		8,604
	Restorative		474
	Dietary		1,233
	Laundry		299
	Housekeeping		752
	Maintenance		198
	Administration		885
	To adjust fringe benefits HIM-15-1, Section 2144		
7	Nonallowable	62,915	
	Medical Supplies and Oxygen		62,915
	To remove special (ancillary) services reimbursed by Medicare State Plan, Attachment 4.19D		
8	Special Services	38,295	
	Nonallowable		38,295
	To record Part B coinsurance State Plan, Attachment 4.19D		
9	Cost of Capital	9,107	
	Nonallowable		9,107
	To adjust depreciation and amortization expense to comply with capital cost policy State Plan, Attachment 4.19D		

CLARENDON MEMORIAL HOSPITAL D/B/A LAKE MARION NURSING FACILITY

Adjustment Report
Cost Report Period Ended September 30, 1998
AC# 3-LAK-J8

ADJUSTMENT NUMBER	ACCOUNT TITLE	<u>DEBIT</u>	<u>CREDIT</u>
10	Cost of Capital Nonallowable	6,333	6,333
	To adjust capital return State Plan, Attachment 4.19D		
	(This adjustment applies only to the rate period 8/1/98 - 9/30/98)		
11	Cost of Capital Nonallowable	5,792	5,792
	To adjust capital return State Plan, Attachment 4.19D		
	(This adjustment applies only to the rate periods 10/1/98 - 9/30/99)		
12	Cost of Capital Nonallowable	5,446	5,446
	To adjust capital return State Plan, Attachment 4.19D		
	(This adjustment applies only to the rate period 10/1/99 - 9/30/00)		
		<hr/>	<hr/>
	TOTAL ADJUSTMENTS	\$ <u>476,613</u>	\$ <u>476,613</u>

Due to the nature of compliance reporting, adjustment descriptions and references contained in the preceding Adjustment Report are provided for general guidance only and are not intended to be all-inclusive.

CLARENDON MEMORIAL HOSPITAL D/B/A LAKE MARION NURSING FACILITY

Cost of Capital Reimbursement Analysis

For the Cost Report Period Ended September 30, 1998

For the Contract Period August 1, 1998 Through September 30, 1998

AC# 3-LAK-J8

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>2.1144</u>
Deemed Asset Value (Per Bed)	33,022
Number of Beds	<u>88</u>
Deemed Asset Value	2,905,936
Improvements Since 1981	66,996
Accumulated Depreciation at 9/30/98	<u>(620,669)</u>
Deemed Depreciated Value	2,352,263
Market Rate of Return	<u>.070</u>
Total Annual Return (242/365 X \$164,658)	109,171
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Rent and Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	109,171
Depreciation Expense	57,922
Amortization Expense	-
Capital Related Income Offsets	(8)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	167,085
Total Patient Days (Minimum 97% Occupancy)	<u>20,657</u>
Cost of Capital Per Diem	\$ <u><u>8.09</u></u>

CLARENDON MEMORIAL HOSPITAL D/B/A LAKE MARION NURSING FACILITY

Cost of Capital Reimbursement Analysis

For the Cost Report Period Ended September 30, 1998

For the Contract Periods October 1, 1998 Through September 30, 1999

AC# 3-LAK-J8

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>2.1814</u>
Deemed Asset Value (Per Bed)	34,069
Number of Beds	<u>88</u>
Deemed Asset Value	2,998,072
Improvements Since 1981	66,996
Accumulated Depreciation at 9/30/98	<u>(620,669)</u>
Deemed Depreciated Value	2,444,399
Market Rate of Return	<u>.067</u>
Total Annual Return (242/365 X \$163,775)	108,585
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Rent and Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	108,585
Depreciation Expense	57,922
Amortization Expense	-
Capital Related Income Offsets	(8)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	166,499
Total Patient Days (Minimum 97% Occupancy)	<u>20,657</u>
Cost of Capital Per Diem	\$ <u><u>8.06</u></u>

CLARENDON MEMORIAL HOSPITAL D/B/A LAKE MARION NURSING FACILITY

Cost of Capital Reimbursement Analysis

For the Cost Report Period Ended September 30, 1998

For the Contract Period October 1, 1999 Through September 30, 2000

AC# 3-LAK-J8

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>2.2493</u>
Deemed Asset Value (Per Bed)	35,130
Number of Beds	<u>88</u>
Deemed Asset Value	3,091,440
Improvements Since 1981	66,996
Accumulated Depreciation at 9/30/98	<u>(620,669)</u>
Deemed Depreciated Value	2,537,767
Market Rate of Return	<u>.063</u>
Total Annual Return (242/365 X \$159,879)	106,002
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Rent and Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	106,002
Depreciation Expense	57,922
Amortization Expense	-
Capital Related Income Offsets	(8)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	163,916
Total Patient Days (Minimum 97% Occupancy)	<u>20,657</u>
Cost of Capital Per Diem	\$ <u><u>7.94</u></u>

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